

Message Text

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ACTION ACDA-10

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 ERDA-05 CIAE-00
H-01 INR-07 L-03 NSAE-00 OIC-02 OMB-01 PA-01 PM-04
PRS-01 SAJ-01 SP-02 SS-15 USIA-06 TRSE-00 DODE-00
NSC-05 FEA-01 /097 W
-----062058Z 095580 /61

R 061455Z JAN 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 8439
INFO ERDA HQ WASHDC
ERDA HQ GERMANTOWN
AMEMBASSY OTTAWA
AMEMBASSY BRASILIA
USMISSION IAEA VIENNA

C O N F I D E N T I A L BUENOS AIRES 0122

E.O. 11652: GDS
TAGS: TECH, PARM, CA, AR, BR
SUBJECT: EFFECT ON ARGENTINA OF CANADA'S NEW NUCLEAR EXPORT POLICY

1. SUMMARY: NEW CANADIAN NUCLEAR EXPORT POLICY UNLIKELY EFFECT
EMBALSE, BUT HAS OBVIOUS IMPLICATIONS FOR ARGENTINA'S NATURAL
URANIUM, HEAVY WATER REACTOR PROGRAM. ATUCHA 2 PLANT DECISION
APPEARS CONTROLLING, BUT SINCE THIS YEAR OR MORE OFF IT APPEARS
THERE NO GREAT URGENCY FOR GOA DECISION, EXCEPT FOR INEVITABLE
QUESTIONS AND EMBARRASMENT WHICH DELAY WILL CAUSE. WE FEEL THAT
ARGENTINE-BRAZILIAN CONSULTATIONS ON THIS ISSUE ARE LIKELY
AND THAT AFTER EXPLORING ALL OPTIONS, GOA WILL EITHER ADHERE TO
NPT OR ACCEPT FULL-SCOPE SAFEGUARDS.
END SUMMARY.

2. EMBASSY HAS BEEN IN CLOSE TOUCH WITH CANADIAN COLLEAGUES AND HAS
COPY OF DEC. 22 ANNOUNCEMENT IN CANADIAN PARLIAMENT THAT CANADA
HENCEFORTH WILL RESTRICT NUCLEAR EXPORTS TO COUNTRIES WHICH HAVE
RATIFIED NPT OR ACCEPT FULL-SCOPE SAFEGUARDS. THIS POLICY OBVIOUS-
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LY HITS ARGENTINA RIGHT BETWEEN THE EYES, AS ARGENTINE PLANS HAVE
BANKED HEAVILY ON CANADIAN SUPPORT FOR ITS NATURAL URANIUM,
HEAVY WATER REACTOR PROGRAM.

3. CANADIANS HAD APPARENTLY WARNED CNEA THIS STEP WAS COMING,
SO IT DID NOT HIT AS COMPLETE SURPRISE. CANADIAN AMBASSADOR
IS INFORMING FOREIGN MINISTRY OFFICIALLY TODAY (JAN. 6) AND PLANS

SUBSEQUENTLY DO SAME WITH CASTRO MADERO.

4. AS BEST WE CAN TELL, CANADIANS REGARD EMBALSE PROJECT AS PREDATING NEW POLICY, SO PROJECT WILL GO FORWARD. CANADIANS KEEPING CNEA INFORMED RE INVESTIGATION INTO BRIBERY CHARGES, WHICH COULD STILL PROVE EMBARRASING TO SOMEONE HERE, BUT WILL NOT EFFECT PROJECT PROGRESS.

5. TIMING OF ATUCHA 2 APPEARS AT THIS JUNCTURE TO US AS MOST CRITICAL IN DETERMINING A DEADLINE FOR ARGENTINE DECISION RE NPT OR FULL-SCOPE SAFEGUARDS. AT THIS POINT, IT WOULD APPEAR THERE IS NO GREAT URGENCY - ARGENTINA MIGHT HAVE A YEAR OR PERHAPS EVEN MORE IF IT WISHES, TO DECIDE HOW TO REACT TO NEW CANADIAN POLICY.

6. HEAVY WATER PRODUCTION PLANT IS OF COURSE ANOTHER PENDING MATTER, BOTH IN OTTAWA AND IN WASHINGTON. WE ARE NOT COMPLETELY SURE OF THIS FROM CONVERSATIONS HERE, AND A PREVIOUS BILATERAL CANADA-ARGENTINA AGREEMENT DOES EXIST, BUT IT APPEARS CANADIANS WILL NOT NOW PERMIT EXPORT OF THIS TECHNOLOGY UNLESS ARGENTINA ADHERES TO NPT OR ACCEPTS FULL-SCOPE SAFEGUARDS.

7. CNEA PRESIDENT CASTRO MADERO IN RECENT SPEECHES HAS REITERATED ARGENTINA'S PURELY PEACEFUL INTENTIONS IN NUCLEAR FIELD, BUT HAS NOT, SO FAR AS WE ARE AWARE, SPOKEN WITH RESPECT TO NPT ADHERENCE OR FULL-SCOPE SAFEGUARDS.

8. IT WOULD APPEAR THAT INCENTIVES ARE NOW MAXIMIZED ON ARGENTINE SIDE FOR SOME USEFUL BRAZIL-ARGENTINA DISCUSSIONS ON NON-PROLIFERATION, LEADING, PERHAPS, TO SIMILAR ACTION BY
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BOTH.

9. COMMENT: WHILE POSSIBILITY EXISTS FOR RELATIVELY PROMPT ARGENTINE ACTION TO CLEAR THE AIR AND COMPLY WITH NEW CANADIAN REQUIREMENTS, OUR GUESS IS THAT GOA WILL NOT MOVE PROMPTLY, BUT WILL CONSULT SERIOUSLY WITH BRASILIA BEFORE MOVING. THEIR NUCLEAR DEVELOPMENT SCHEDULE DOES NOT NECESSITATE VERY PROMPT ACTION, BUT OF COURSE THERE WILL BE MANY REPORTERS ASKING QUESTIONS, AND CONTINUED STALLING MAY PROVE EMBARRASING. AT THIS POINT, AND COMMITTED AS THEY ARE, IT SEEMS UNLIKELY THAT ARGENTINA WILL ABANDON ITS NATURAL URANIUM, HEAVY WATER LINE, PARTICULARLY SINCE GOA SURELY SENSES THAT THINGS AREN'T ANY EASIER SAFEGUARDS-WISE WITH LWR'S, AND THERE ARE THE ADDITIONAL PROBLEMS WITH ENRICHMENT. (THIS OPTION LIKELY TO GET ANOTHER LOOK, HOWEVER, AND SOME LWR ADVOCATES HERE LIKELY PUSH HARD IN COMING WEEKS. THERE WILL PROBABLY ALSO BE SOME HYDRO ADVOCATES WHO PUSH FOR SCRAPPING NUCLEAR PROGRAM ALTOGETHER.) MOST LIKELY RESULT, IN OUR VIEW, IS ULTIMATE ACCEPTANCE BY GOA OF NPT OR FULL-SCOPE SAFEGUARDS AFTER THOROUGH STUDY TO DETERMINE

WHICH OF TWO IS LEAST RESTRICTIVE, AND CONSIDERABLE QUIET
NUDGING OF BRAZIL TO TAKE SIMILAR ACTION.
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Message Attributes

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